

## Sapere Report on Aged Care Modelling Options – Public Release

<b>Due to MO:</b>	1 August 2025	<b>Reference</b>	
<b>To:</b>	Hon Simeon Brown, Minister of Health		
<b>From:</b>	Mark Powell, Health NZ Acting National Director, Ageing Well		
<b>Copy to:</b>	[n/a]		
<b>Security level:</b>	Unclassified	<b>Priority</b>	Routine
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<b>Proactive Release:</b>	This title is not proposed by Health NZ for proactive release		

Contact for phone discussion (if required)			
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Attachments
<b>Appendix 1:</b> Communications and Engagement Plan
<b>Appendix 2:</b> Sapere report – Modelling Options for Improved Funding Models
<b>Appendix 3:</b> Future of Ageing Well – sector and whānau engagement themes

Appendix 2 and Appendix 3 can be found on Health New Zealand's website at: <https://www.tewhātuora.govt.nz/for-health-professionals/clinical-guidance/specific-life-stage-health-information/health-of-older-people/aged-care-funding-and-service-models-review>

## Purpose

1. To brief the Minister on the background, communications and engagement approach, and risks related to the public release of two reports from Health NZ's aged care funding and service model review.

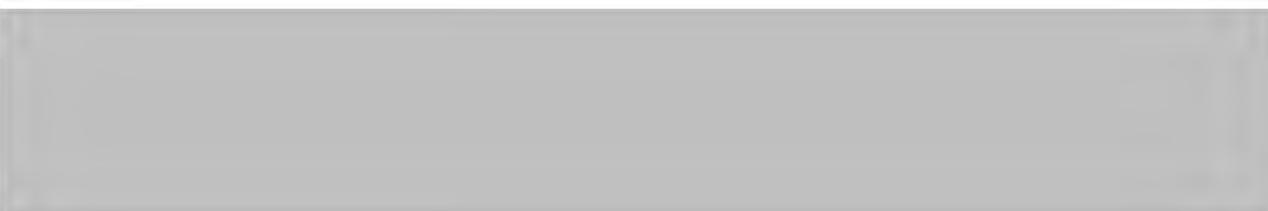
## Background

2. Health NZ is reviewing how aged residential care (ARC) and home and community support services (HCSS) are funded and delivered, with the aim of making services more sustainable, consistent, and equitable for older New Zealanders.
3. The review has two phases:
  - Phase one (Dec 2023/24): Identified current challenges; included Sapere's first report and early sector input.
  - Phase two (2024/25): Focuses on modelling future options for ARC and HCSS. Sapere was commissioned to produce a second modelling report. Engagement with over 2,000 stakeholders also informed this phase.
4. We are now planning to release:
  - The second Sapere report (modelling funding/service options), and
  - A summary of engagement themes (feedback from providers, older people, carers and communities).
5. Minister Brown and Costello have both received the Sapere report prior to this release, along with the Ministry of Health policy team.

## Comms and engagement approach

6. Release planned via Health NZ website and stakeholder updates.
7. Ministers Costello and Brown, the Ministry of Health, the Aged Care Commissioner, and key sector bodies including the New Zealand Aged Care Association are being pre-briefed.
8. Media Q&A and internal comms materials are prepared.
9. Messaging highlights:
  - The reports are not policy decisions, but inputs into future advice.
  - The goal is to build a system that works for all older people, especially those with complex needs.
  - We have already taken action through a national rollout of a new HCSS model, investment in dementia care, and work on better linking ARC funding to residents' needs.

## Risks and mitigations





### Summary

14. Releasing these reports ensures transparency, upholds our integrity commitments, and acknowledges stakeholder input.
15. It positions the Government as actively responding to sector and public concerns, while clearly stating that no decisions have been made and further advice will follow.
16. Working with the Ministry of Health, Health NZ plans to bring back its next set of recommendations and advice on the Aged Care funding and service model to the Minister by the end of the year.

# Aged Care Review – phase two modelling report and stakeholder engagement report

## Comms and engagement plan – v4

July 2025

### Purpose

This plan lays out the stakeholder communications and engagement plan to support the release of two documents (*Modelling Options for Improved Funding Models* and the *Future of Ageing Well - sector engagement themes*).

### Background

- Health New Zealand | Te Whatu Ora is reviewing how aged care is funded and delivered. The goal is to make services more sustainable and fairer for older people across the country.
- The review has two phases. Phase one looked at current challenges and was completed in December 2023. It included a Sapere report and input from the sector.
- Phase two started in January 2024. It focuses on developing better ways to fund and deliver aged residential care and home support.
- Health NZ asked Sapere to model future options for both services as part of phase two, and carried out extensive engagement with the aged care sector and older people to help inform this phase.
- Health NZ is releasing the second Sapere report and themes from last year's engagement that will help inform advice to the Government on next steps in aged care service development.

### Communications objectives

- Demonstrate transparency in the aged care review process by publishing the July 2024 Sapere phase two report and key themes from the engagement we carried out in 2024.
- Position the reports as one of several inputs being considered alongside sector and public engagement.
- Provide reassurance to the sector that no decisions have been made, and that their input continues to inform the direction of the review.

### Key messages/media statement

- Health New Zealand | Te Whatu Ora has today released two more reports which will inform the review underway into the future of New Zealand's aged care system.

- The independent *Aged Care Modelling Options for Improved Funding Models* report is the second Sapere report Health NZ has commissioned on aged care. It focuses on modelling and predicting the impacts of a range of different scenarios for funding and servicing a sustainable aged care system.
- The other report released today contains insights gathered from older people and the aged care sector during a series of engagement activities, including workshops and a survey last year.
- Evidence presented to the select committee inquiry into aged service capacity to support neurological cognitive disorders will also inform the work underway.
- The inquiry has highlighted the need to better support older people with cognitive impairment, including those living with dementia. This will need to be an important part of the design of the future system.
- There is also a need to ensure aged care solutions are joined-up and reflect the full range of support older people need, across health, housing, and social services.
- Input from social service agencies will be key to ensuring advice to the Government takes a comprehensive view of what older people need.
- Most older people live independently and are well-supported. But as more people live longer with complex needs, it's essential our aged care system keeps pace.
- The aged care review is about ensuring the right care is available when and where it's needed, while easing pressure on hospitals and making better use of services across the system.
- Older people currently account for more than 40% of those in hospital. Strengthening aged care is seen as an opportunity to support older New Zealanders to live well, avoid unnecessary hospital stays, and deliver a more connected, sustainable system, backed by services across health, housing, and social support.
- Since the aged care review began, we've already taken important steps to strengthen services. This includes launching a national rollout of a new home and community support model, progressing work on a fairer funding approach for aged residential care, and investing in services that support hospital discharge and dementia care.

## Stakeholder management and approach

- The communications rollout includes a stakeholder e-update, updated website content, and prepared media lines.
- Key partners, including the Ministry of Health, Office for Seniors, the Aged Care Commissioner, and peak sector bodies are being pre-briefed ahead of public release.
- Sector groups and workshop participants will receive timely updates, and internal stakeholders are being briefed through regular channels.

Stakeholder	Approach	Responsible
<b>External</b>		
Minister(s) Costello and Brown	Minister briefing Radar - press secretary update	Mark Powell/Natasha Gartner/Deidre Mussen
Ministry of Health - Aged Care policy leads	Meeting to discuss prior to publication	Mark Powell
Office for Seniors	Pre-brief Stakeholder e-update	Mark Powell
HDC - Aged Care Commissioner	Pre-brief Stakeholder e-update	Mark Powell
Other government agencies: ▪ MSD	Stakeholder e-update	Mark Powell

Stakeholder	Approach	Responsible
<ul style="list-style-type: none"> <li>▪ ACC</li> </ul>		
People and organisations who attended engagement workshops	Stakeholder e-update	Mark Powell
Aged Care Providers	Stakeholder e-update	Via Ageing Well Regional Managers
Sector representative bodies: <ul style="list-style-type: none"> <li>▪ NZACA*</li> <li>▪ HCHA*</li> <li>▪ Carers NZ</li> <li>▪ NZ Council of Christian Social Services</li> <li>▪ The Retirement Villages Association of NZ</li> <li>▪ Hospice NZ</li> </ul>	*Pre-brief – immediately before release Stakeholder e-update	Mark Powell
Older people representative bodies: <ul style="list-style-type: none"> <li>▪ Age Concern</li> <li>▪ Grey Power</li> <li>▪ Dementia NZ</li> <li>▪ Alzheimers NZ*</li> <li>▪ Stroke foundation</li> <li>▪ Parkinsons NZ</li> <li>▪ Arthritis NZ</li> </ul>	Stakeholder e-update	Mark Powell
Eldernet	Stakeholder e-update	Mark Powell
NASCA	Stakeholder e-update	Mark Powell
Iwi Māori Partnership Boards	Stakeholder e-update	Via Hauora Māori Services
Media	PR/reactive Q&A prepared	Senior Media Advisor, Dee Sims
<b>Internal</b>		
Ageing Well regional leads and teams	E-update	Mark Powell

Stakeholder	Approach	Responsible
Ageing Well steering group	E-update Update as part of regular meetings	Anna Davidson
Other impacted teams: <ul style="list-style-type: none"> <li>- Data and digital (interRAI)</li> <li>- DCEs/GDOs</li> <li>- Allied Health</li> <li>- Hauora Māori Services</li> <li>- Pacific Commissioning</li> <li>- Disability team</li> <li>- Living Well</li> </ul>	Update as part of regular meetings E-update	AW national relationship leads/Mark Powell

## Comms materials

What	Who
Web page update	Deidre Mussen
External and internal stakeholder updates	Janine Maher
Media lines	Dee Sims/Janine Maher

## Comms and engagement delivery timeline

Date	What	Responsible
By 18 July	Share comms plan and materials with Debbie Holdsworth for review	Kelsey Schwynn
Mon 21 July	Share draft comms plan and materials with Mark Powell for review	Mark Powell
Tues 22 July	Share draft comms plan and materials with MoH	Janine Maher/Mark Powell/Kelsey Schwynn
Tues 22 July	Share draft comms plan/materials with Minister Costello's office	Mark Powell/Janine Maher/Ruth Berry

Date	What	Responsible
Tues 22 July	Update and share draft comms plan to Ageing Well Steering Group	Janine Maher/Anna Davidson
w/c 4 Aug	Inform Sapere of the release of the July 2024 report	Mark Powell
w/c 4 Aug	Pre-brief NZACA	Mark Powell
w/c 4 Aug	Pre-brief HCHA	Mark Powell
W/c 4 Aug	Website updates: Aged Care Review page (Sapere report and engagement themes)	Deidre Mussen
w/c 4 Aug	Share stakeholder e-update with internal and external stakeholders and people who have requested to see the reports via OIA	Janine Maher
w/c 4 Aug	Share PR	Dee Sims/Janine Maher

## Appendix A - Minister reactive talking points

- The reports released today will inform the wider review of how aged care is funded and delivered.
- The Sapere report contains independent analysis. It is one of a number of inputs that officials are considering as they develop advice for me. Further work is being done to validate some of the analysis in the report.
- The select committee inquiry into aged service capacity to support neurological cognitive disorders has identified some important issues and will also inform the work underway. Input from other agencies with responsibilities for older people will also be important.
- We know that while many people are well-supported by aged care services, our current system is under pressure. We must continue to strengthen care for those with the greatest needs and ensure support is there for everyone as our population ages. If we don't act, these pressures will only grow for aged care providers, families, and the wider health system.
- I want to see a system that's fit for the future, one that supports people to live well at home for longer, and ensures high quality, accessible care when people need residential support.
- I look forward to receiving recommendations from health officials in due course.

## Appendix B – Q&A

### Q: What does the Sapere report recommend?

The Sapere *Aged Care Modelling Options for Improved Funding Models* report outlines a range of possible changes to strengthen New Zealand's aged care health system. Its focus is on improving how aged care is funded, delivered and supported to meet the growing and changing needs of older people.

Some of the options it explores include:

- Many older people with lower needs could stay at home longer if they got the right support.
- If we support more people at home instead of in aged care facilities, we can reduce pressure on rest homes and hospitals.
- Making home support more consistent and efficient across the country could reduce unnecessary care hours and save money.
- Aged care facilities need better funding to stay open, especially in high-cost areas like Auckland.
- If higher income people pay more towards their care (based on what they can afford), it could ease costs for taxpayers.

Overall, these changes could save \$11.8 billion by 2040.

The report does not make specific policy recommendation. Instead, it sets out evidence and possible options to inform decisions about how we can make aged care more fair, sustainable, and responsive.

### Q. Does the Sapere modelling report align with current policy thinking?

We agree with many of the issues identified, including the need for more flexible service models, better integration of care, and fairer, more sustainable funding arrangements. These align with the direction the Government is already progressing.

However, decisions about the future of aged care need to reflect a wider view. That means recognising that most older people are well and live independently, and ensuring any changes are part of a coordinated, cross-government approach, involving housing, social support, transport and more.

In aged residential care, we're taking a careful look at the current contract and pricing model, including the potential for longer term arrangements and better alignment with the true cost of delivering care.

In home and community support, to improve the efficiency of services we have already begun moving to the bulk funded case-mix model.

### **Q: Does this report mean services will be cut or that fewer people will get support?**

The purpose of the report is to model a range of scenarios, not to make funding cuts. It is clear from the analysis that growing demand for aged care will require significant additional funding.

Any future changes will be focused on improving outcomes for older people, particularly supporting more people to live independently with the right care in place.

### **Q: Are you planning to reduce the number of people in aged residential care?**

The report models what might happen if more people with lower needs are supported to live independently at home, rather than entering residential care earlier than necessary. This reflects what many older people have told us they want.

The goal is not to reduce access to residential care, but to ensure people can access the right level of care at the right time, including home-based and residential options.

The robustness of the assumption made in the Sapere report that there is a cohort of residents that could potentially be managed in the community is something that requires further testing.

### **Q: What is the Engagement Themes Report?**

The Engagement Themes Report summarises feedback from over 2,000 people and 10,000 pieces of input gathered during May and June 2024. It reflects what aged care providers, people using services, carers and community partners told us about what's working and what needs to improve in the aged care system. It also helps to align a shared future of our aged care system should achieve, and the relative appetite for change to achieve it.

### **Q: What did people say is working well?**

People told us that aged care services are already delivering:

- Compassionate and responsive care
- Life-enhancing specialist medical support
- Helpful in-home assistance
- Community-based programmes that keep people connected
- Access to respite care and carer support

### **Q: What areas for improvement were identified?**

Feedback highlighted several areas for change, including:

- Creating nationally consistent care models and funding so access isn't based on where you live
- Supporting older people to live independently as much as possible
- Ensuring people get the right care, at the right time, to reduce pressure on hospitals
- Improving financial sustainability and investment in the sector
- Removing barriers and improving access for Māori, Pacific peoples, disabled people, and rural communities
- Strengthening assessment, planning, and data systems across the sector

In general, the proposed model of care was widely supported. This includes moving to an integrated system, centred on the older person living as independently as possible (in the home of their choice) for as long as possible, and a system that can adapt and be flexible (both from a system perspective and a person's perspective).

There were differences across the country in terms of what gaps needed to be cleared to achieve our ideal state. But in general, the sector indicated a strong need for change and a high appetite to do so.

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